



# Nan Juen International Co., Ltd.

(stock symbol :6584.TW )

Presenter & Job Title

Sam Wu/General Manager

2016.08.31

*Slides into Your Life!*

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# 1) Introduction

## Company Profile



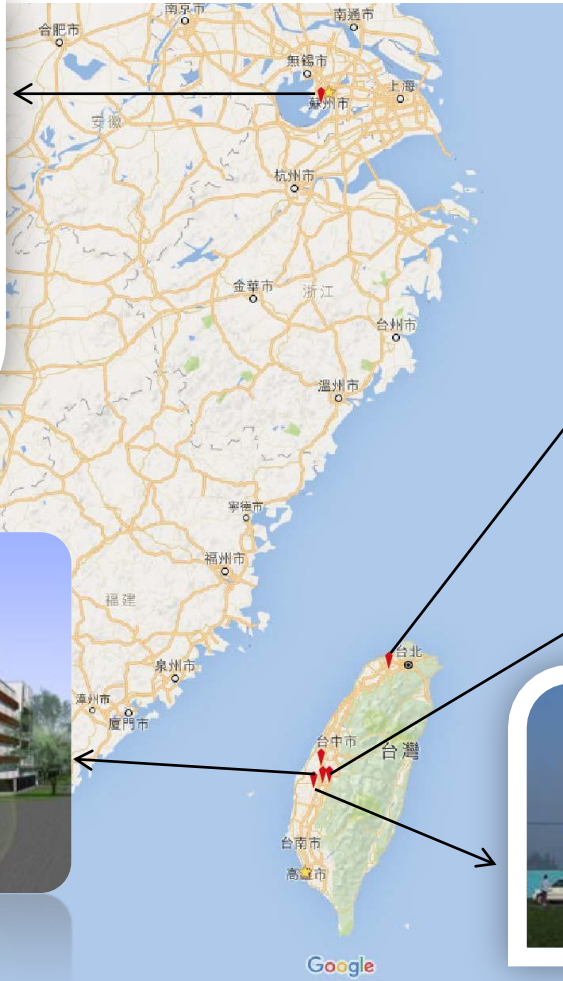
Item	Description
Establishment	June 19 <sup>th</sup> , 1984
Registered Address	No.11, Alley 52, Lane 413, Yingtao Rd., Yingge district, New Taipei City 239, Taiwan
Operation sites	Taipei Yingge plant 、 Yunlin BeiGang plant 、 Yunlin Douliu plant , new plant located in Yunlin tech industrial park will enter pilot run in 4 <sup>th</sup> quarter of 2016
Capital	US\$ 16.5 millions
Chairlady	Amy Lee
General Manager	Sam Wu
Business Scope	Research and development, manufacturing and service of ball bearing slides for various industries
Number of employees	626 till June 30 <sup>th</sup> , 2016
Certified public accountant	KPMG

# 1) Introduction

## Map of operation sites



Suzhou Nan Juen Trade Co., Ltd.



Taipei Yingge plant



Yunlin Douliu plant



Yunlin Tech plant



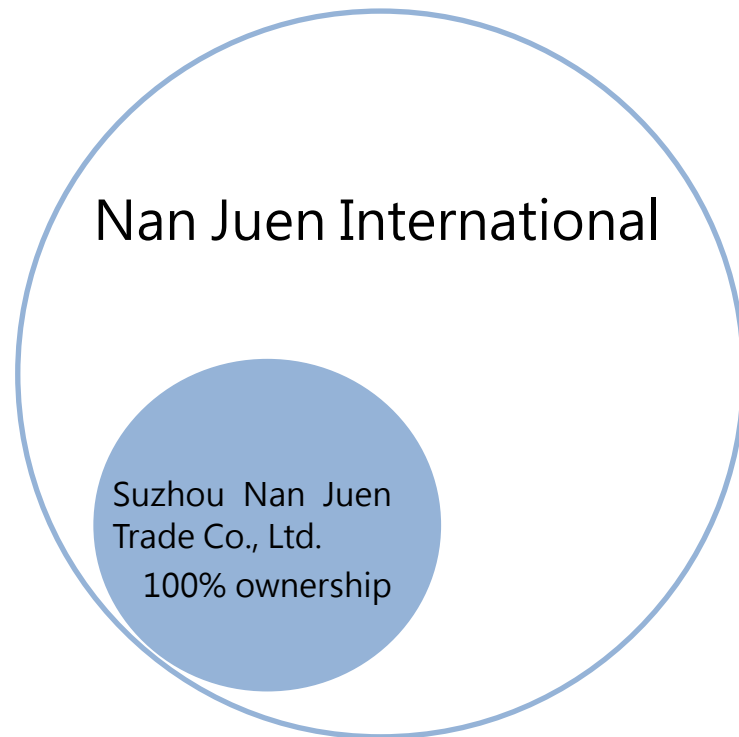
Yunlin Beigang plant

# 1) Introduction



Our subsidiary

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Nan Juen International

Suzhou Nan Juen Trade Co., Ltd.



Accounted for marketing and distribution in Mainland China (started from July 2016)



# 1) Introduction

## Milestones

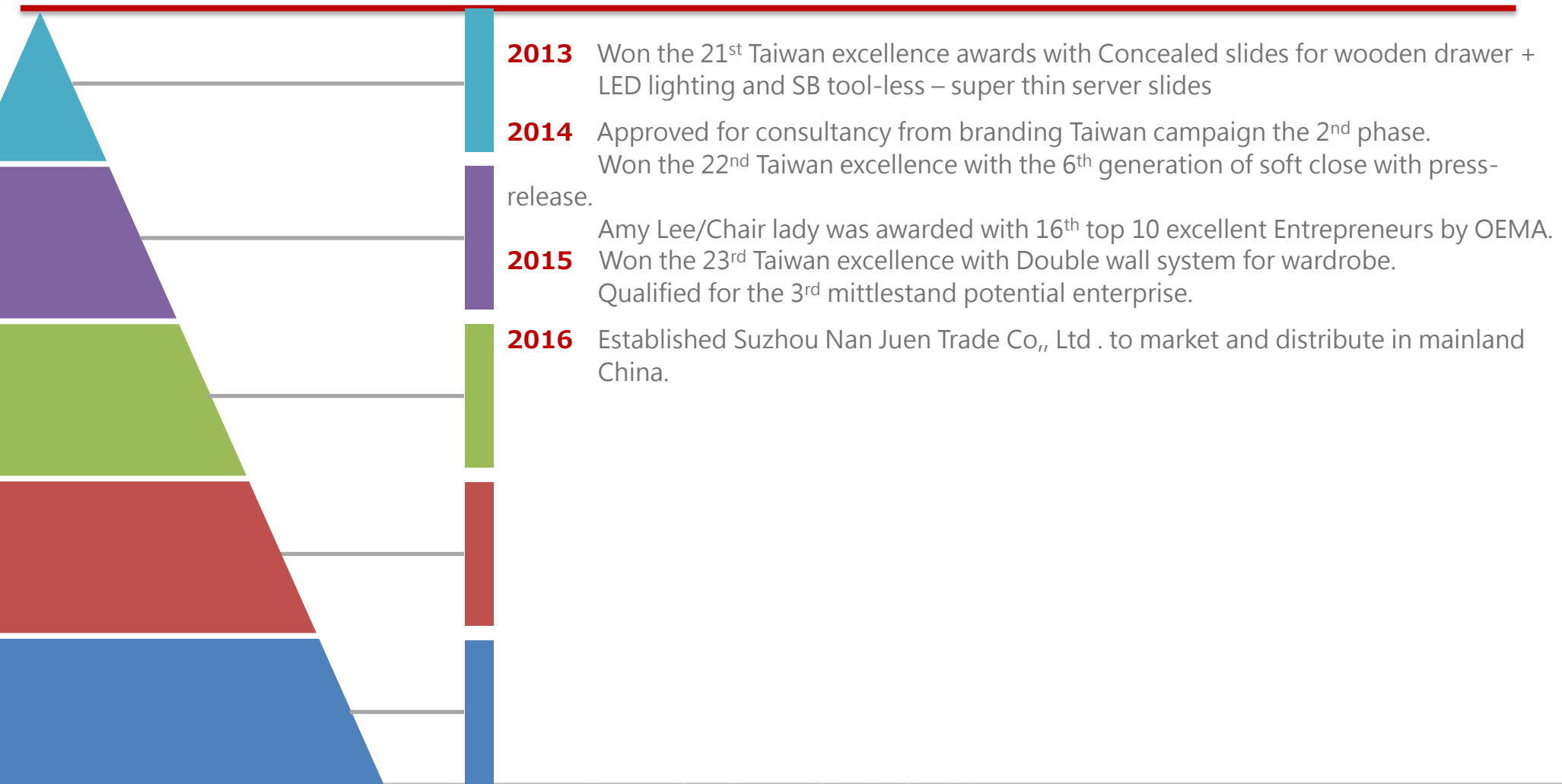


- 1977** The founder of Nan Juen started a small sheet metal workshop
- 1983** Started to produce ball bearing slides .
- 1989** Created the green Repon brand  to market worldwide.
- 1911** Started to market under the locomotive brand  to mainland China and south-eastern Asia.
- 2002** Established Repon (Suzhou )
- 2003** Specialized in slides for white appliance, Industrial application, servers.
- 2008** Renewed CIS to reshape and enhance the brand imagine for global marketing. Certified by QC08000.
- 2009** Certified by ISO 14001 ( environmental quality approval ), won 12<sup>th</sup> rising star award by the ministry of economic affairs.  
Approved for the subsidy for the project of value chain – IT application.
- 2010** Won the 6<sup>th</sup> national HRD innovation prize-group section, and certified by QS 9000: ISO 2008
- 2011** Won the 19<sup>th</sup> Taiwan Excellence with A5808 drawer frame with LED lighting.
- 2012** Douliu plant started to operate.  
Ground break for Yunlin tech park plant of which was planned 1.5 million pairs of slides monthly output (launch in 2017 Q1).

# 1) Introduction



## Milestones



## 2) Business Scope



### Product and applications



Home



Office



Server



Tool Box



Appliance



Med / others

Ball bearing slide has various applications. The conventional applications are in home furniture, office furniture, white appliance, tool box, server and other alternative applications. The scale of the slide consumption from each industry has a lot of things to do with the growth trend of each applied industry.

Nan Juen utilizes its channel, agents or distributors to market its own brand – Repon and Locomotive, and provide ODM/OEM service to global leading brands



## 2) Business Scope

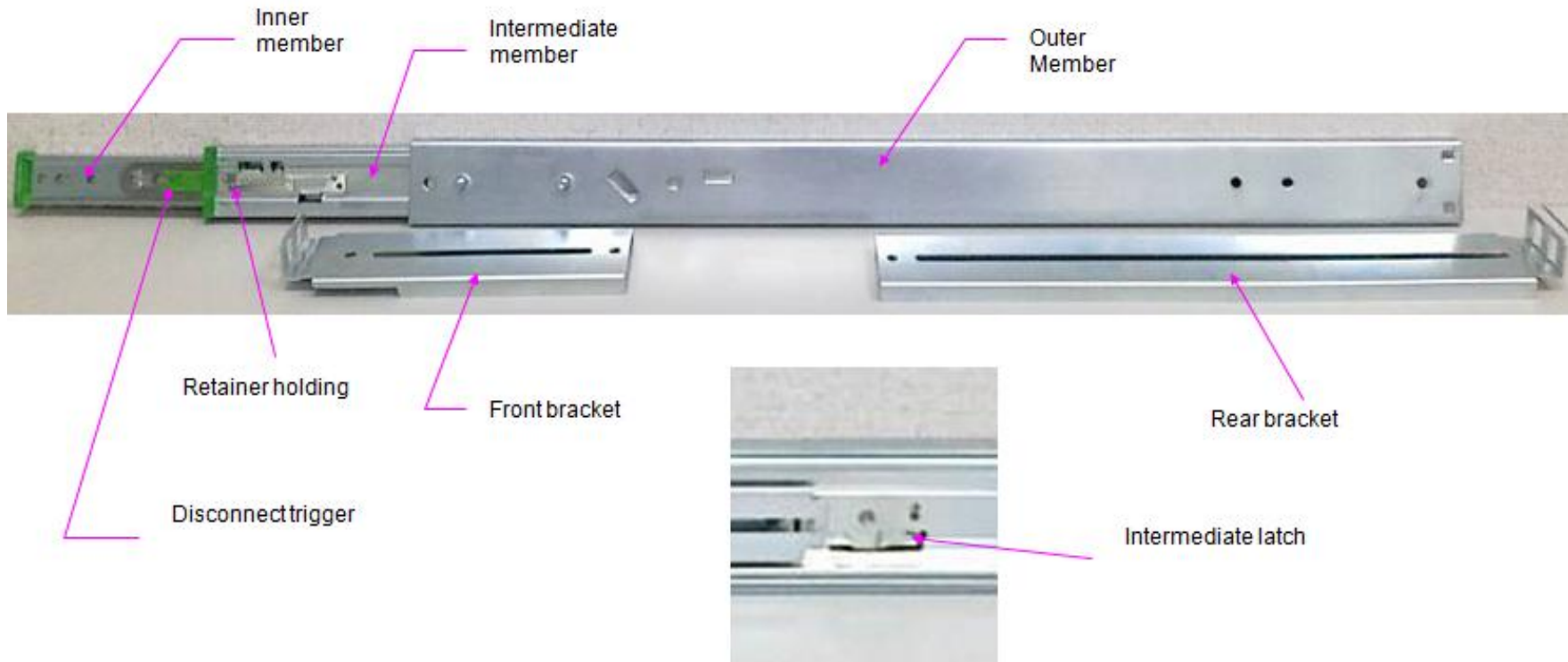
Photos of different application examples



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## 2) Business Scope

Diagram of the product (use server slides as example )



# 2) Business Scope



## Diagrams of different products

NJ-35D43 >



NJ-A5808



NJ-A5801



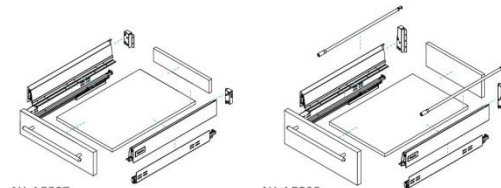
NJ-A5802



NJ-A5A01 >

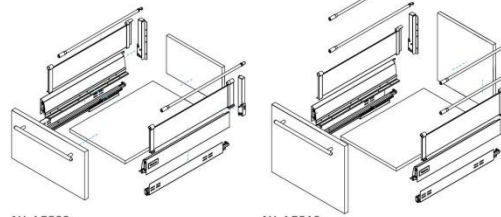


NJ-21G58



NJ-A5807  
Short Drawer Frame

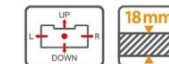
NJ-A5808  
Standard Drawer Frame



NJ-A5809  
Tall Drawer Frame

NJ-A5810  
Dual Rail Drawer Frame

NJ-A5803



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# 3) The industry and market potential



## Output Value -Server slides

### The growth expectation of global server output in 2016



According to DIGITIMES research, the output of global server in 2015 is 11,082 units ( based on the sales number of mother boards ), yearly increase is 9.8%. Output of 2016 is estimated to reach 11,731 units with additional 5.9% growth, **especially in ODM Direct market**. The significant growth in future is expected to be driven by the launch of Intel new central processor –Purley in 2nd quarter of 2017.

Mostly from emerging market – China, it invests more and more in building data center. Because of China government's made in China policy, the local top 4 brands – Lenovo, Huawei, Sugon, Inspur aggressively increase their output. Additionally, Lenovo merged IBM server department. **Both make China the #3 server market in the world**. Based on the statistic research from Gartner, the biggest growth is from Huawei and Inspur among global server manufacturers in 4th quarter of 2015, the growth compared with last year is 27% and 53.3% respectively.

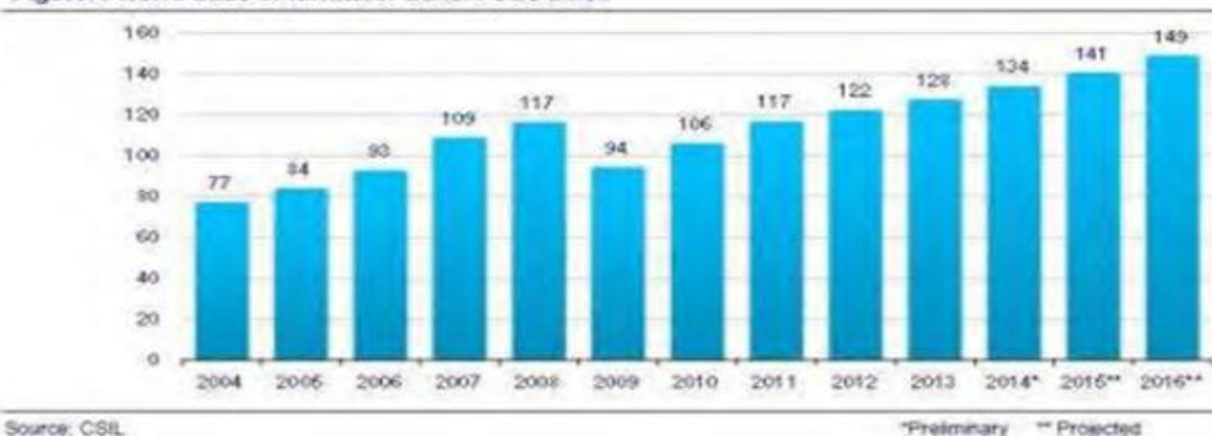
# 3) The industry and market potential



## Output Value - Home applications

Trade value of furniture from 2004 to 2016

Figure 4 World trade of furniture. Current US\$ billion



資料來源：CSIL<2015 年全球家具業發展與展望 (World Furniture Outlook)>

The output value of steel connecting part takes around 5% of furniture sales.

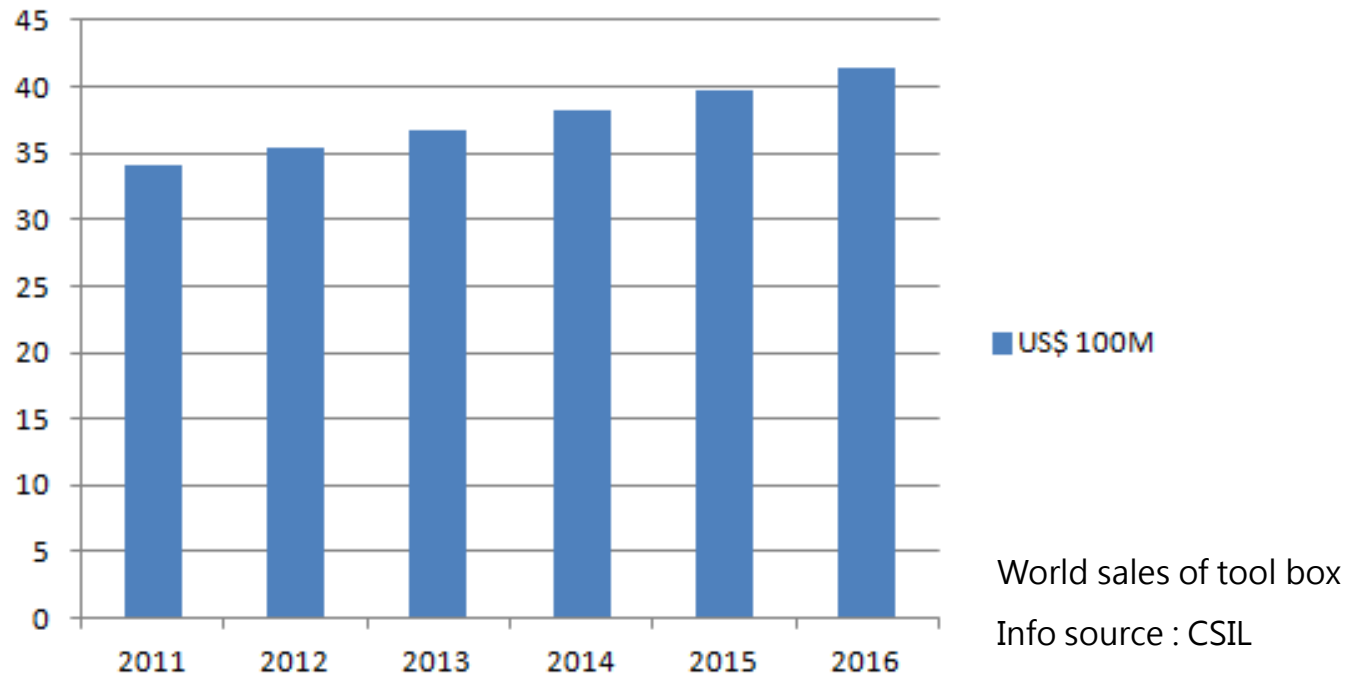
According to CSIL's forecast, overall global furniture consumption compared with last year will increase by 5.67%.

The majority of consumption comes from America, Germany, France, England and Canada. And America's consumption is far more than other countries.

# 3) The industry and market potential



## Output Value - Tool Box applications



Steel tool boxes are largely used in US and European developed countries. The steel tool box package is getting popular in manufacturing industries, thanks to the increasing complexity of craftsmanship in manufacturing industries and emerging new product / new technology in metal connecting parts.

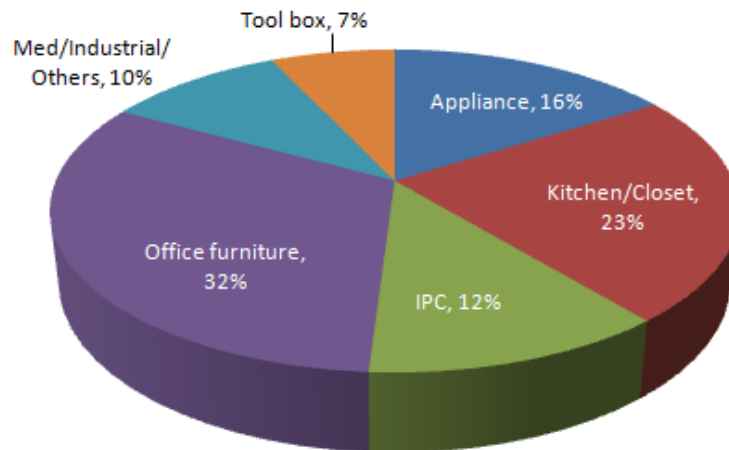
The average ratio of slide purchasing cost v.s. tool box sales price is estimated to be 1% to 3% depending on different grade of tool boxes.

# 3) The industry and market potential

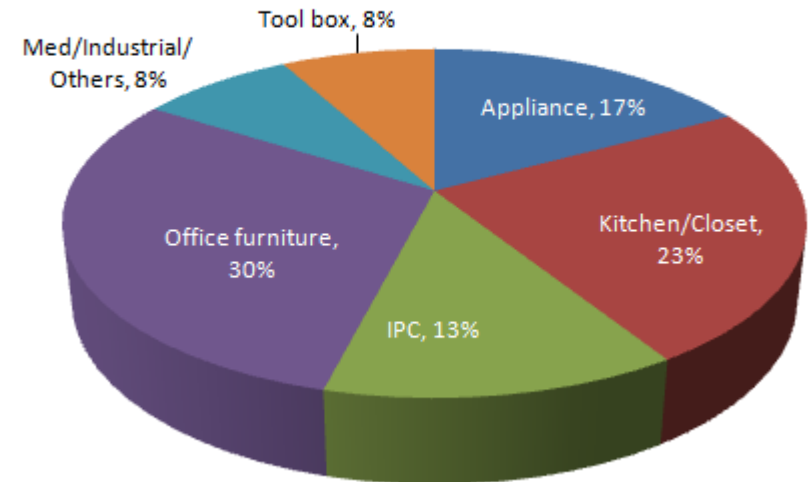
## Product sale ratio in term of applications



2014 sales ratio of each application



2015 sales ratio of each application

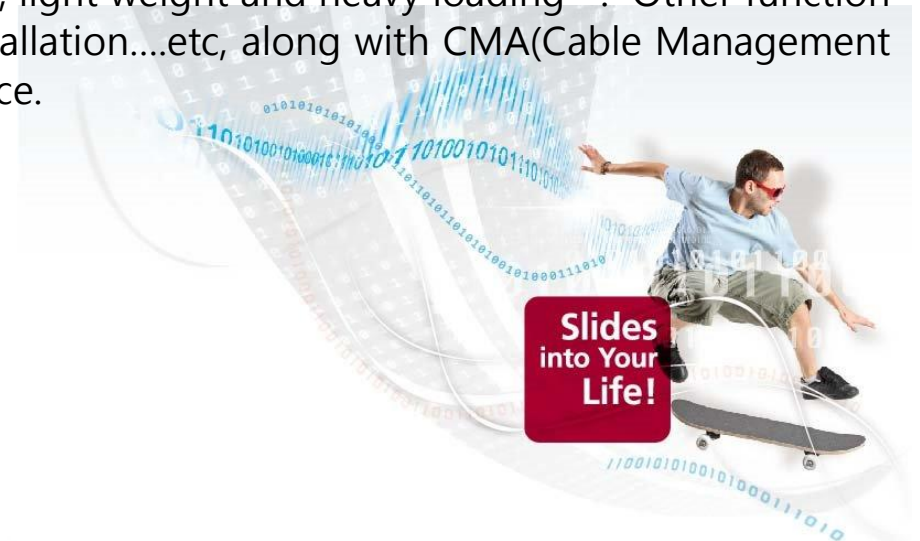


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# 3) The industry and market potential



- More and more different applications of slides are developed, and the penetration and utilization in each industry gradually become higher, which helps market demand in long run.
- The era of cloud computing dawn, and the demand for servers keeps growing.
- With the development of each application, slides become more functional and specialized, which includes smooth and silencing motion, interlock, heavy loading, easy installation, invisibility, soft close, press-release and high-low temperature performance.
- The biggest feature of server slide is to fit into the extremely limited space of rack mount, and deliver high product reliability, stressing on “slim profile, light weight and heavy loading” . Other function such as lock open, lock close, tool-less quick installation....etc, along with CMA(Cable Management Arm) are for slick appearance and easy maintenance.

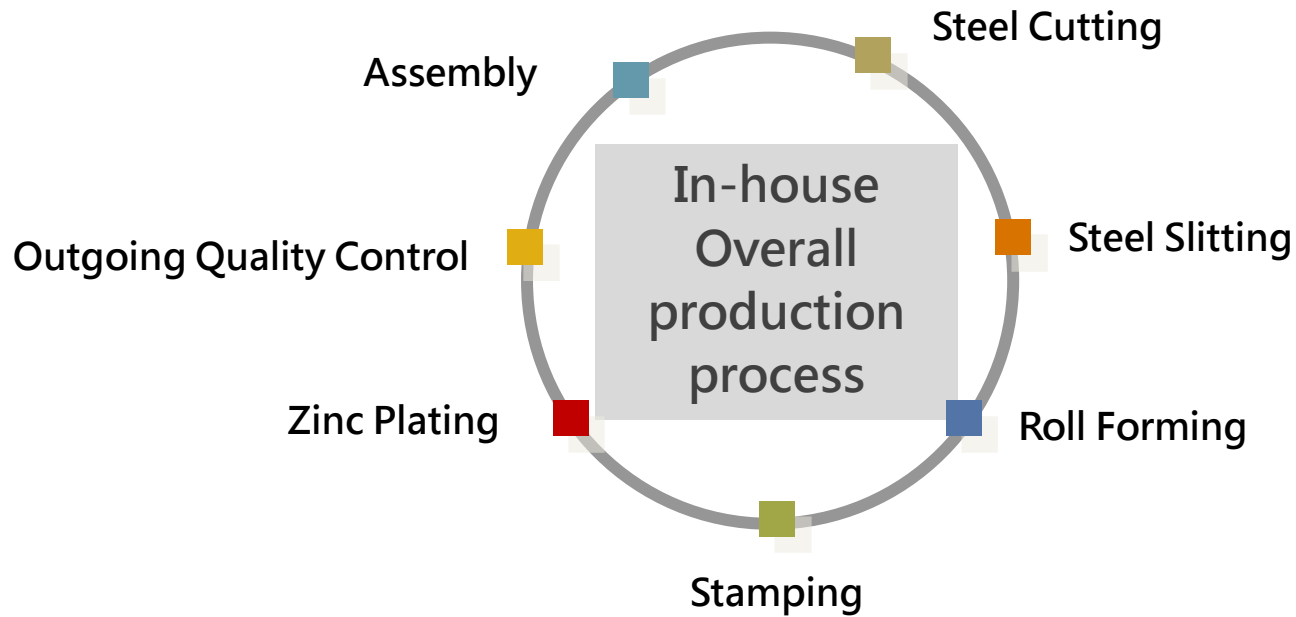


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# 4) Operation introduction

## Production process



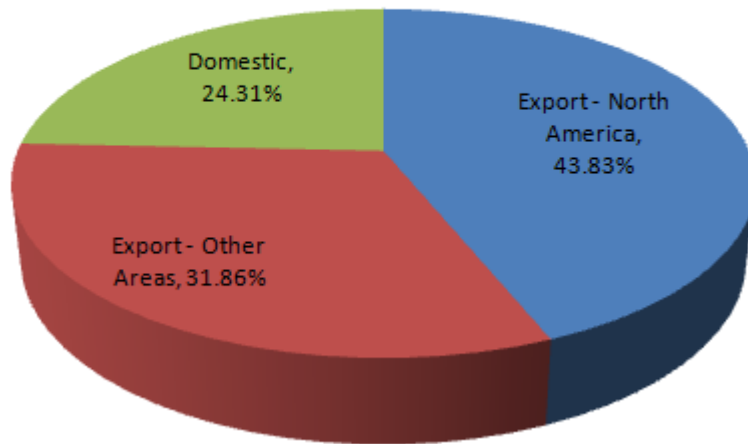
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## 4) Operation introduction

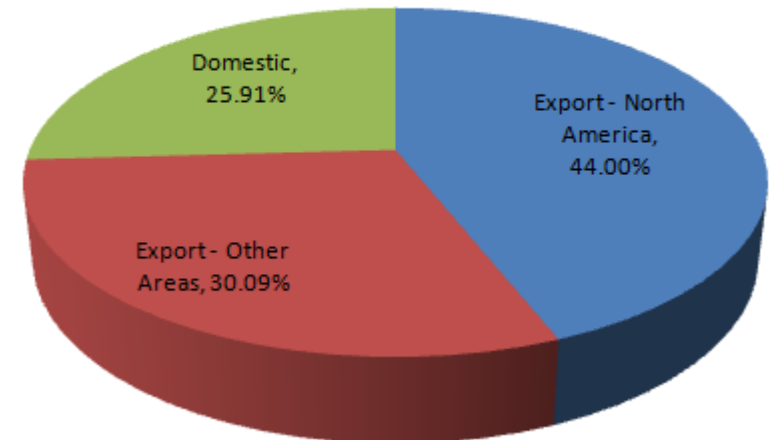
Product sales ratio : Export v.s. Domestic



2014 Export v.s. Domestic



2015 Export v.s. Domestic



## 4) Operation introduction

### Monthly capacity of each operation site



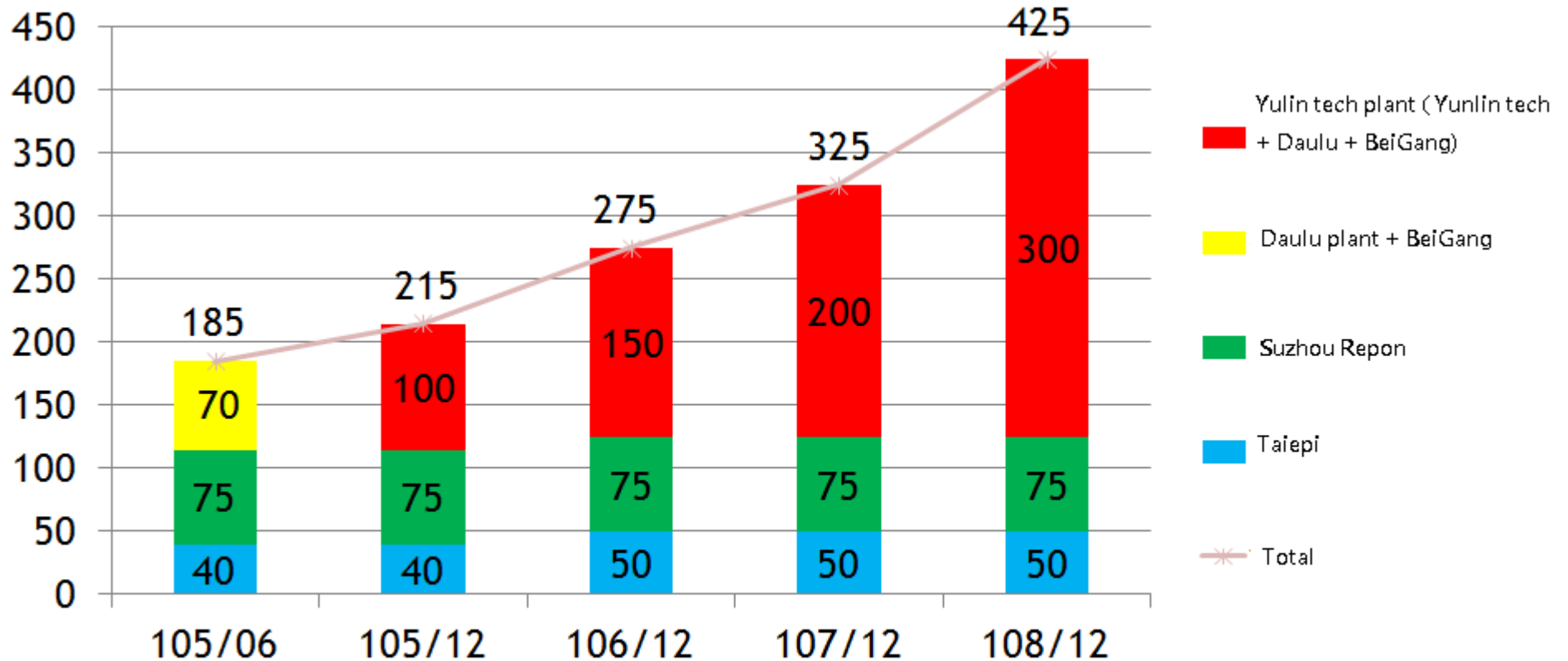
Operation site	Product Application	Monthly Capacity	Employee	Orientation
Taipei Yingge plant	Mostly for white appliance, server, tool box.	400K-500K prs	407	Production, R&D, design, equipment build-up.
Yunlin Daulu plant Yunlin Beigang plant	Mostly for home, office furniture and tool box.	700K prs	214	Production base
Yunlin Tech plant	Mostly for home, office furniture and tool box.	2.5M~3M prs First phase will be 1.5M prs, and then ramp up	5	Vertically integrated production base ( including coil slitter, roll forming, pressing, zinc plating and assembly..etc.)
Suzhou Nan Juen Trade	Trade	-	10	Market and sales in China
Suzhou Repon (Subcontractor in China)	Mostly for home, office furniture and white appliance	750K prs	279	Subcontracting production base

# 4) Operation introduction

## Monthly capacity planning



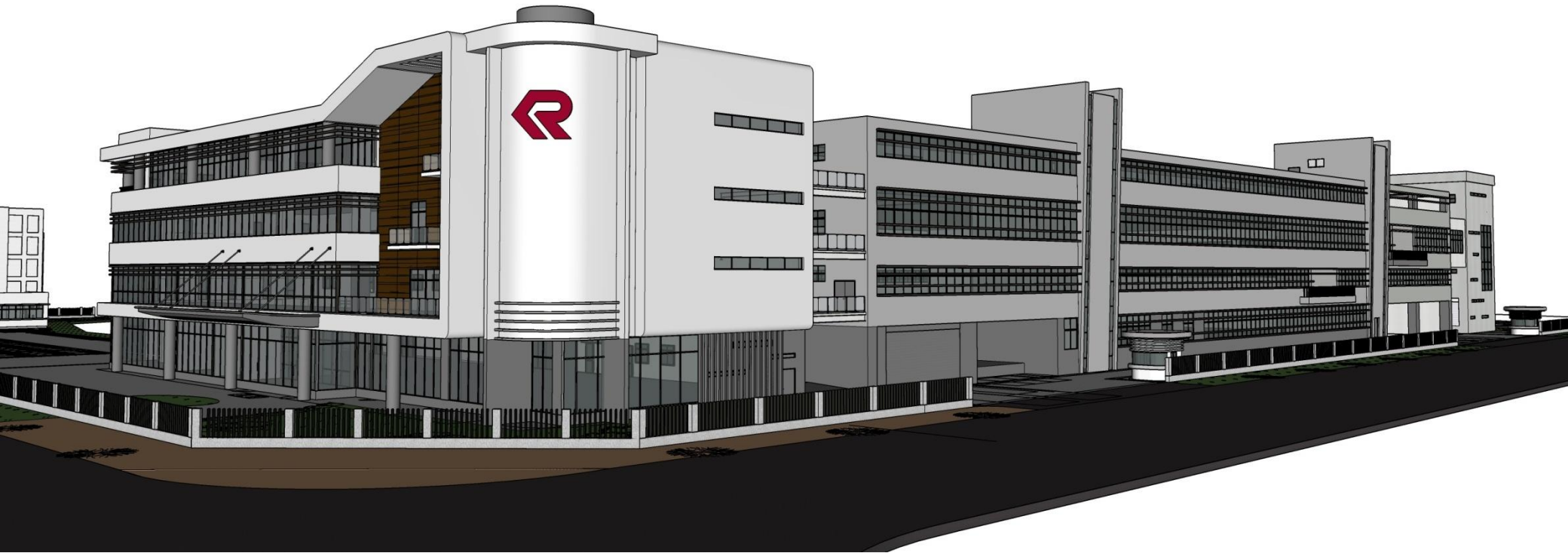
Unit : 10K pairs



Block	Floor space
Office Building ( A )	6498 m <sup>2</sup>
Factory ( B, C )	28803m <sup>2</sup>
Dorm ( D,E )	2608m <sup>2</sup>



## 3D picture of Yunlin Tech plant



# Yunlin Tech plant ( launch in 2017, Q1 )

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## 5) Financial Performance



unit : NTD 1000

Item	2014	%	2015	%	2016年 1H	%
Operating Revenue	1,773,885	100.00	1,839,616	100.00	919,500	100.00
Operating costs	(1,400,158)	(78.93)	(1,406,961)	(76.72)	(668,932)	-72.75
Gross profit	<b>373,727</b>	<b>21.07</b>	<b>432,655</b>	<b>23.52</b>	<b>250,568</b>	<b>27.25</b>
Operating expenses	(188,741)	(10.64)	(181,397)	(9.86)	(112,328)	(12.22)
Operating income(loss)	<b>184,986</b>	<b>10.43</b>	<b>251,258</b>	<b>13.66</b>	<b>138,240</b>	<b>15.03</b>
Non-operating income	117,336(註1)	6.61	51,538(註2)	2.81	6,372	0.69
Non-operating expenses	(7,529)	(0.42)	(6,448)	(0.35)	(15,245)	1.65
Income(loss) before Tax	294,793	16.62	296,348	16.16	129,367	14.07
Income tax(benefit)	48,631	2.74	62,612	3.41	23,348	2.54
Income(loss)after tax	246,162	13.88	233,736	12.75	106,019	11.53
EPS	6.15	-	5.84	-	2.15	-
Capital	400,000	-	400,000	-	520,000	-

資料來源：該公司各年度經會計師簽證或核閱之財報。

註1：含處分不動產等一次性收入

註2：含金融資產損益認列等一次性收入

## 6) Core Competency



**Focus on slide business for over 30 years, and have rich experience on slide development. Successfully enter into the supply chain of different industries, and partner with the leading brands from each industry.**

Supply to most of top 10 home and office furniture manufacturers in North America.  
Supply to top 3 high-end tool box brands and number one mid-level brand.  
Collaborate with the leading brands of home-appliance from North America, Taiwan and China.

**Diversified product market and sale regions, and operation risk is rather low.**

Nan Juen has certain market share on several different industries.

Meanwhile, we aggressively expand the marketing and sales channels, and develop customized solution to meet customer's demand in order to increase customer's dependency and enhance competitiveness.

**Because of restriction of production capacity, the sales scale of server slides is relatively less. This means potential for growth is great**

Keep working with world-class server brands to enter AVL, and plan to introduce major server manufacturers as strategic investors. At the same time, aggressively invest in mechanism development and R&D to cope with the rapid and constant changes of electronic products, and confidently increase the market share of server slides by developing full range products.





## 6) Core Competency



**The slide market is oligopoly. Highly precise production process and patents raise the entry barrier.**

Nan Juen owns nearly 200 utility and innovation patents, and is capable of vertical-integrated product development which covers from patent, product design, tooling design, prototyping and equipment building-up. Tooling and critical production equipment are designed and refined by ourselves, then enter into mass production process in order to reach optimum capacity, cost-effective and product customization.

**Master the production technique and the ability to develop production equipment.**

Nan Juen may customize the production line with varied progressive tooling and roll forming manufacturing capabilities for customer's needs in time, and build up successful business partnerships. Yunlin tech plant plans to introduce Industry 4.0 and set up in house over all integrated production processes in order to largely shorten the manufacturing turnover, effectively lower cost and increase capacity to satisfy more customer's order requirements.



# 7) Future product development



## Home and office furniture

- Intend to be the leader in output is our long-term objective, and aggressively launch several niche products in order to surpass the competitors in quantity and quality aspects. Along with the capacity contributed by Yunlin tech plant from 1<sup>st</sup> quarter of 2017, we plan to become the major home, kitchen and office furniture slides supplier in Asia.

## Server

- We began to put our effort into the development for server slides 5 years ago, and was awarded Taiwan excellence with SB-tool-less in 2013. At the same time, we have worked with several major Taiwanese server manufacturers on server slide projects and developed related product to enhance the product added-value. We now beef up the manufacturing and R&D capabilities, and are aggressively entering AVL of world-class server brands. Considering the fast growth of ODM Direct sever, we plan to form a strategic partnership with major server manufacturers in order to increase the market share.

## White appliance

- Constantly increase the product service to major international appliance brands, and plan to introduce new fridge slides to upgrade the applied appliance to increase the added-value for better profit. Meanwhile, make lots of efforts to enter the potential supply chain of other international brands.



# Q&A

# Thanks!

[www.repon.com.tw](http://www.repon.com.tw)

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